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Executive Order Extends Tariff Concessions

Report Categories:

Trade Policy Monitoring

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Report Highlights:

On May 22, 2017, Executive Order No. 23 extended tariff concessions (e.g., cheese, frozen french fries, and mechanically-separated meat), which were negotiated in 2012 in exchange for maintaining a quantitative restriction on rice, beyond their July 1, 2017 expiration date. These concessions will remain in place until December 31, 2020, or until an amendment to the Agricultural Tariffication Act (exempting rice from tariffication) is passed by Congress.

On May 22, 2017, Executive Order No. 23 (EO 23) was issued via publication in the newspaper *Official Gazette* (<http://www.gov.ph/2017/04/27/executive-order-no-23-s-2017/>). EO 23 extends tariff concessions that were negotiated in 2012 in exchange for maintaining a quantitative restriction (QR) on rice. In 1995, the Philippines, upon accession to the World Trade Organization (WTO), was allowed to implement a QR on rice for 10 years. A QR is an import quota, or an absolute limit imposed on the volume of goods imported by a country, and is generally prohibited by the WTO. The Philippines obtained a seven-year extension of the QR in 2004, followed by another five-year extension in 2012, this time in exchange for tariff concessions on several agricultural products (e.g., cheese, frozen french fries, and mechanically-separated meat). Both the QR and tariff concessions were set to expire on July 1, 2017.

With EO 23, these concessions will remain in place until December 31, 2020 or until an amendment to Republic Act 8178, or the Agricultural Tariffication Act of 1996 (exempting rice from tariffication), is passed by Congress. We had previously reported (GAIN Report #RP1612) that the Philippine Government would likely not seek an extension of the QR and would move towards a more liberalized rice market.

The tariff rates are as follows: rice (in-quota) to 35 percent from 40 percent; butter to 5 percent from 7 percent; buttermilk to 1 percent from 3 percent; grated cheese to 1 percent from 3 percent; frozen french fries to 0 percent from 10 percent; rapeseed meal to 1 percent from 3 percent; and mechanically deboned or separated meat to 5 percent from 40 percent. EO 23 also maintains Minimum Access Volume commitments of 805,200 MT on rice, unchanged from 2016 levels.

HDG NO.	AHTN Code 2012	Description	July 1, 2017 to January 1, 2020	Starting January 1, 2021
			Rate of Duty (%)	
10.06	1006.10 to 40	Rice, In-Quota	35	40
02.07		Meat and edible offal, of poultry of heading 01.05, fresh, chilled or frozen		
	0207.14.91	- Of fowls of the species <i>Gallus domesticus</i> --- Mechanically deboned or separated meat	5	40
	0207.25.00	- Of turkeys		
	0207.25.00A	-- Not cut in pieces, frozen:		
	0207.25.00A	--- In Quota	20	30
	0207.25.00B	--- Out-Quota	20	35
	02.27	-- Cuts and Offal, frozen:		
		---Other		

	02.27.91	---- Mechanically deboned or separated meat:		
		----- In-Quota		
	02.27.91A	----- Out-Quota	5	30
	02.27.91B	----Other:	5	40
	02.27.99	----- In-Quota		
	02.27.99A	----- Out-Quota	20	30
	02.27.99B		20	40
04.03		Buttermilk, curdled milk and cream, yoghurt, kephir and other fermented or acidified milk and cream, whether or not concentrated or containing added sugar or other sweetening matter or flavored or containing added fruits, nuts or cocoa		
	0403.90.10	-- Buttermilk	1	3
04.05		Butter and other fats and oils derived from milk; dairy spreads		
	0405.10.00	- Butter	5	7
04.06		Cheese and curd		
	0406.20	- Grated or powdered cheeses, of all kinds	1	3
	0406.20.10	-- in packages of a gross weigh exceeding 20 kg		
	0406.20.90	-- Other	1	7
16.02		Other prepared or preserved meat, meat offal or blood		
		-- Of turkeys:		
	1602.31	--- Other:		
	1602.31.91	---- Mechanically deboned or separated meat	5	40
20.04		Other vegetables prepared or preserved otherwise than by vinegar or acetic acid, frozen, other than products of heading 20.06		
	2004.10.00	- Potatoes	0	10
23.06		Oil-cake and other solid residues, whether or not ground or in the form of pellets, resulting from the extraction of vegetable fats or oils, other than those of heading 23.04 or 23.05		
		- Of rape or colza seeds		
	2306.41	-- Of low erucic acid rape or colza seeds:		
	2306.41.10	--- Of low erucic acid rape seeds	1	3
	2306.41.20	--- Of low erucic acid colza seeds	1	3
	2306.49	-- Other		
	2306.49.10	--- Of other rape seeds	1	3
	2306.49.20	--- Of other colza seeds	1	3

Source: Executive Order No. 23 (2017)